

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

Competitive Product Prices
Priority Mail
Priority Mail Contract 37

Docket No. MC2012-3

Competitive Product Prices
Priority Mail Contract 37 (MC2012-3)
Negotiated Service Agreement

Docket No. CP2012-7

NOTICE AND ORDER CONCERNING ADDITION OF
PRIORITY MAIL CONTRACT 37 TO THE COMPETITIVE PRODUCT LIST

(December 23, 2011)

I. INTRODUCTION

In accordance with 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, the Postal Service filed a formal request and associated supporting information to add Priority Mail Contract 37 to the competitive product list.¹ Priority mail contracts enable the Postal

¹ Request of the United States Postal Service to Add Priority Mail Contract 36 to Competitive Product List and Notice of Filing (Under Seal) of Contract and Supporting Data, December 20, 2011 (Request).

Service to provide Priority Mail service to an individual customer at customized rates.² The Postal Service asserts that Priority Mail Contract 37 is a competitive product “not of general applicability” within the meaning of 39 U.S.C. 3632(b)(3). Request at 1. The Request has been assigned Docket No. MC2012-3.

The Postal Service contemporaneously filed a redacted contract related to the proposed new product under 39 U.S.C. 3632(b)(3) and 39 CFR 3015.5. *Id.* Attachment B. The instant contract has been assigned Docket No. CP2012-7.

Request. To support its Request, the Postal Service filed six attachments as follows:

- Attachment A—a redacted copy of Governors’ Decision No. 09-6, authorizing certain Priority Mail contracts, and a certification of the Governors’ vote;
- Attachment B—a redacted copy of the contract;
- Attachment C—proposed changes to the Mail Classification Schedule competitive product list that would add Priority Mail Contract 37 under Domestic Negotiated Service Agreements;
- Attachment D—a Statement of Supporting Justification as required by 39 CFR 3020.32;
- Attachment E—a certification of compliance with 39 U.S.C. 3633(a); and
- Attachment F—an application for non-public treatment of materials to maintain redacted portions of the contract, customer-identifying information, and related financial information under seal.

In the Statement of Supporting Justification, Dennis R. Nicoski, Manager, Field Sales Strategy and Contracts, asserts that the contract will cover its attributable costs, make a positive contribution to covering institutional costs, and increase contribution

² Decision of the Governors of the United States Postal Service on Establishment of Rates and Classes Not of General Applicability for Priority Mail Contract Group, Docket No. MC2009-25, issued April 27, 2009, at 1 (Governors’ Decision No. 09-6).

toward the requisite 5.5 percent of the Postal Service's total institutional costs. *Id.* Attachment D at 1. Mr. Nicoski contends that there will be no issue of market dominant products subsidizing competitive products as a result of this contract. *Id.*

Related contract. The Postal Service included a redacted version of the related contract with the Request. *Id.* Attachment B. The Postal Service will notify the Customer of the effective date within fifteen business days of receiving the signed contract from the Customer. *Id.* at 2. The contract will expire 1 year from the effective date unless, among other things, either party terminates the agreement upon 30 days' written notice to the other party. *Id.* at 4. The Postal Service represents that the contract is consistent with 39 U.S.C. 3633(a). *Id.* Attachment D.

The Postal Service filed much of the supporting materials, including the related contract, under seal. *Id.* Attachment F. It maintains that the redacted portions of the contract, customer-identifying information, and related financial information, should remain confidential. *Id.* at 2-3. This information includes the price structure, underlying costs and assumptions, pricing formulas, information relevant to the customer's mailing profile, and cost coverage projections. *Id.* The Postal Service asks the Commission to protect customer-identifying information from public disclosure indefinitely. *Id.* at 7.

II. NOTICE OF FILINGS

The Commission establishes Docket Nos. MC2012-3 and CP2012-7 to consider the Request pertaining to the proposed Priority Mail Contract 37 product and the related contract, respectively.

Interested persons may submit comments on whether the Postal Service's filings in the captioned dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR 3015.5, and 39 CFR part 3020, subpart B. Comments are due no later than January 6, 2012. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Natalie Rea Ward to serve as Public Representative in these dockets.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket Nos. MC2012-3 and CP2012-7 to consider the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, Natalie Rea Ward is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in these proceedings.
3. Comments by interested persons in these proceedings are due no later than January 6, 2012.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary